

WHAT IS HB 3572?

CHIEF SPONSORS: REPRESENTATIVE TRAN, SENATOR DEMBROW

The bill recognizes the good that Oregon Benefit Companies are doing in their communities as they must follow the Oregon Benefit Company statute (60.754) that requires Oregon Benefit Company businesses to consider impact to the planet and people in all their business decisions in addition to making a profit.

WHAT IS AN OREGON BENEFIT COMPANY?

“The Oregon Benefit Company is a type of corporation or LLC that considers its impact on society and the environment in the business decision-making process, in addition to earning a profit.”

(from Oregon SOS website - <https://sos.oregon.gov/business/pages/benefit-company.aspx>)

To become a benefit company, an Oregon corporation or LLC must do the following.

- 1) Include a statement in the articles of incorporation or organization that says the corporation or LLC is a benefit company subject to ORS 60.750 - ORS 60.770.
- 2) Adopt a third-party standard.
- 3) Prepare an annual benefit report identifying:
 - The actions and methods used to provide a general or specific public benefit.
 - Any circumstances that hindered or prevented a benefit.
 - How well the benefit company met or exceeded the third-party standard.
- 4) Distribute the annual benefit report to the owners and post it on the company's website.

WHY HB 3572?

Oregon Benefit Companies (OBC) face added costs to source local environmentally friendly vendors and materials as well as provide competitive workforce wages and benefits as they do good for the environment and society rather than operating to solely maximize shareholder value.

The idea behind HB 3572 is simple: to provide a sustainable advantage for small businesses that are serving the state through economic, social and environmental sustainability. They are serving the public good as Oregon Benefit Companies.

Through the State of Oregon procurement office, the state offers a 5% sustainable advantage to account for those additional costs when an OBC seeks a State of Oregon contract.

If bids from Oregon Benefit Companies are 5% higher than the lowest offer from non-Oregon Benefit Companies, that OBC would get the contract. For example, if both companies submitted \$100 bids, the bid from the OBC would be treated as if it were \$95.

WHY PASS HB 3572?

Due to their commitment to people and planet, many OBC leaders must make business decisions that in some cases are not the most cost-efficient because of the negative impact that less costly decisions would have on the environment and society.

Numerous research studies (Gallup/Harris) indicate that stakeholders-oriented companies attract and keep employees because they are committed to paying a living wage, provide excellent products and services to their customers and set a high bar for community service where that company operates.

By passing such legislation, Oregon would not only be the first in the nation to do so but would be sending a strong message in support of Oregon small businesses that:

- 1) Consider the social and environmental impact of their business decisions;
- 2) Demonstrate their commitment to being a good corporate citizen in Oregon; and
- 3) Serve as an example of how an Oregon small business can be a force for good in its community.

ANY PRECEDENTS?

Similar legislation has been passed in Cook County in Illinois in 2018 and Los Angeles County in California in 2017.

BILL PASSED 7-31-23

Oregon Governor Tina Kotek signed the bill into law July 31, 2023 and will become effective on January 1, 2024.

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